Economy in Government expenditure

1629. SHRI RAJEEV CHANDRASEKHAR : Will the PRIME MINISTER be pleased to state :

(a) whether in view of Government's resolve to effect economy in Government expenditure, any new guidelines/directions on the subject have recently been issued;

(b) if so, the details thereof; and

(c) if not, by when these are likely to be issued?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Yes, Sir. Guidelines related to expenditure management were issued *vide* Office Memorandum No. 7(1)/E.Coord/2008 dated 5th June, 2008.

These guidelines include cuts in non-plan expenditure (excluding interest payment, repayment of debt, Defence capital, salaries, pension and Finance Commission grants to the States) and other economy measures related to travel, seminars and conferences, vehicles etc.

Certain other guidelines related to travel of Government employees have also been issued.

Review of monetary policy

1630. SHRI V. HANUMANTHA RAO:
SHRIMATI SUPRIYA SULE:
Will the PRIME MINISTER be pleased to state:

(a) whether a review of the monetary policy and its impact on the banking industry along with inflation was discussed in the meeting between the Finance Minister and public sector Chief Executive Officers on 1st May;

(b) whether the Finance Minister has been emphasizing the need to reduce interest rates;

(c) whether the Reserve Bank of India on the other hand is set to implement strict monetary measures to rein in inflation;

(d) if so, what was the outcome of the discussion held;

(e) what were the decisions taken; and

(f) to what extent steps have been taken to check the inflation in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) In the meeting with the then Finance Minister with the Chief Executive Officers(CEOs) of Public Sector Banks (PSBs), held on 1st May, 2008, a large number of issues were discussed which included credit flow to different sectors, impact of monetary policy changes, performance of PSBs, growth of deposits, advances, liquidity and interest rates. The banks were of the view that interest rates were unlikely to rise.

(c) The Reserve Bank of India (RBI) is committed to maintaining financial stability through active and flexible liquidity management. The broad stance of the monetary policy during 2008-09 so